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Shake-up looms at Shell as head of gas and power division departs

By Ed Crooks and John O'Doherty in London

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Royal Dutch Shell is poised to announce a wide-ranging restructuring as its new chief executive starts to tackle the problems caused by the plunge in oil price.

The changes began yesterday with the sudden departure of Linda Cook, head of the gas and power division and a former contender for chief executive, who had left the company "by mutual agreement", said Shell.

Her division is expected to be merged into the exploration and production business under the restructuring, as part of a drive to cut costs and improve operating efficiency.

She had previously said that she believed gas and power worked better as a separate unit.

Peter Voser, Shell's former finance chief who is now chief executive designate and takes over from Jeroen van der Veer as chief executive on July 1, has been working on detailed plans to enable the company to cope with lower oil and gas prices.

Shell's top 200 managers are expected to be briefed on the changes at a two-day meeting in Berlin, starting today.

People familiar with the company said they also expected a drive to cut costs in support functions such as human resources and accounting.

Royaldutchshellplc.com, an independent website used by Shell staff, said yesterday that more than 30 per cent of senior managers were expected to go.

Shell refused to comment on any of the restructuring plans last night.

The fact that Mr Voser, who was investors' favoured choice as chief executive when he was appointed last year, has been given a mandate by Shell's board to make far-reaching changes before he is formally in post indicates a determination to address the company's problems quickly.

Shell's debt is set to rise sharply this year, albeit from a low base, as the group funds its ambitious investment programme at a time when cash flows are under pressure.

The company also declined to comment on the sudden departure of Ms Cook, who steps down from the board on Monday.

Ms Cook will forgo a loyalty bonus of more than £800,000 (\$1.3m) by leaving, although the payment she receives on departure will offset that loss. The company refused to give details of the payment.

Last week, Shell suffered a vote of no confidence from shareholders, who voted down the company's executive pay plan.

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